

~~CONFIDENTIAL~~30th September, 1959.COCOM Document 3413.05/5COORDINATING COMMITTEERECORD OF DISCUSSIONONITEM 1305 - ROLLING MILLS28th September, 1959

Present: Belgium(Luxembourg), Canada, Denmark, France, Germany, Italy, Japan, Netherlands, United Kingdom, United States.

References: COCOM Documents 3413.05/1 - 4.

1. The CHAIRMAN opened the discussion by observing that while some Member Countries maintained that rolling mills were of highly strategic importance they were also of great commercial value to other Members of the Committee. This was the one item which the Consultative Group had found necessary in 1958 to recommend for high-level Governmental consideration. The present round of discussions had started with the United Kingdom memorandum (COCOM Doc. 3413.05/1), on which preliminary views had been heard before the summer recess, and there was now a redefinition proposal submitted by the United States (COCOM Doc. 3413.05/3). He urged that the pace of the discussions should be as fast as possible, although any doubts should be referred back to capitals rather than let the Committee's work be marred by decisions taken too hastily. He enquired whether the United Kingdom Delegate wished to comment on the United States memorandum?
2. The UNITED KINGDOM Delegate said that the first reaction of his authorities had been one of some disappointment at the length and scope of the United States proposal. He was certain, however, that certain ambiguities would be clarified during the present discussion. Referring to the Chairman's remarks on the timing of the discussions, he emphasised that his authorities did not wish to see them become merged with the coming list review.
3. The UNITED STATES Delegate said, with respect to the United Kingdom memorandum (COCOM 3413.05/1), that his authorities did not agree with the United Kingdom position that no rolling mills deserved embargo. He invited the Committee's attention to the United States redefinition proposal, which represented a very careful study of the problem by United States experts. The Delegate then went on to give a detailed analysis of the proposal and its supporting rationale. (The full text of his statement will be found in COCOM Doc. 3413.05/4).
4. The GERMAN Delegate stated that he had already given his preliminary views on the United Kingdom memorandum (COCOM 3413.05/2). The new United States proposal required careful consideration by experts and he would therefore refrain from comment at this stage. The Delegate asked the following questions concerning the United States proposal:
 - (a) It had been pointed out that the export of specialised parts was normally covered by Administrative Principle No. 4. Did the heading and part C of the proposal represent additional coverage?

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- (b) Did part B (mills for rolling refractory metals and alloys) represent additional coverage or was it caught by the existing definition ?
- (c) Had taper mills so far been outside the scope of the embargo ? If so, had any been exported to the Soviet Bloc ?
- (d) Was part (b) of the present definition covered somewhere by the new proposal ?

The Delegate concluded by saying that with regard to part (c) of the present definition, it seemed that certain old types of mill would now be freed, and that certain other types would be put under embargo.

5. The UNITED STATES Delegate gave the following replies to the questions raised by his German colleague:

- (a) Part C of the new proposal did represent additional coverage, except in so far as certain spare parts were caught by Administrative Principle No. 4. It was, however, limited to those pieces of equipment which were specialised for the types of mill it was proposed to embargo. It did not include standard or specialised parts for other types of mills or non-specialised parts for the mills proposed for embargo.
- (b) Mills for the rolling of refractory metals and alloys were not covered by the present definition. These types were almost all still at the design stage.
- (c) Taper mills were a very recent development and were not caught by the present embargo. There were three mills of this type in the United States and there were not known to be any elsewhere. Certainly none had been exported from the United States to the Sino-Soviet Bloc, nor had any of the appropriate technology been exported to that destination.
- (d) With regard to part (b) of the present definition, the broad effect of the proposed definition was to free planetary mills from control, although some types would still be covered by part A.3. As had been stated earlier (COCOM 3413.05/4, para. 9), the United States would welcome technical discussions on the suitability of including certain types. There were some very modern developments in this field and the United States felt that a sharing of available information on the technical problems would lead to the appropriate conclusion.

6. The Delegate then referred to part (c) of the present definition. The vast majority of the equipment covered by this part would be decontrolled under the new definition. Only a small, selected segment would be retained and this segment was restricted in several ways, including a time limit. Some mills that were not covered at the moment would now be caught, including those designed for both hot and cold rolling. In each case, however, most modern commercial types would be free. With respect to the date cut-off proposal in part A.3 of the new definition, the Delegate said that the approach of his authorities had been to try to ensure that the area about which some Member Governments had in the past expressed concern would be freed from control. Most modern commercial types of mill were in operation before January 1st, 1956. Since that date an extensive research effort had been made in the United States to overcome various metallurgical problems connected with certain new weapons systems; it was essential to protect the knowledge thus acquired. The Delegate recognised that, as with any date cut-off, certain administrative problems would arise and his authorities would therefore be open-minded to other approaches to this type of administrative control which would achieve the desired objectives.

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7. The GERMAN Delegate expressed his thanks for the answers which had been given to his questions.

8. The UNITED KINGDOM Delegate said that the first reaction of his authorities had been that the United States Delegation had submitted a complicated redefinition proposal, widening the coverage in some respects and likely to cause administrative problems. As a result of the clear explanation which had been given by the United States Delegation, however, the definition seemed narrower than it had first been thought and would be given careful study. He commented that part A.1 of the new definition, which was identical with part (a) of the existing definition, might well be eliminated since it seemed to be covered by part A.3.iii. These mills were always more than 3-high and also the work rolls were less than 10" in diameter.

9. The UNITED STATES Delegate replied that the discrepancy noted by his United Kingdom colleague was intentional. It was felt that the date cut-off in A.3. would free virtually all basic modern mills needed for commercial products. The significance of this time gap was to be found in the need for certain highly accurate materials produced for military requirements and which would not be necessary for commercial use, although the same mills could be used for commercial production. The United States authorities felt that this was sufficient reason for retaining full control in this area. The significance also lay in the future improvement of hot rolling mills, which developments would increase the capabilities of cold rolling mills to produce superior products for the military needs.

10. The UNITED KINGDOM Delegate said that his authorities had always felt that part (a) of the existing definition referred primarily to mills of the Sendzimer type although in fact it caught any mill with more than the normal number of back-up rolls. They appreciated that this type would be particularly useful for rolling certain types of material which were not of particularly strategic importance in normal usage. In 1958 a check had been made on the usage of this type of mill in the United Kingdom and it had been found that in no case were they used for military production.

11. The UNITED STATES Delegate answered that part (a) was recognised as covering certain mills (hot or cold) other than the "cold" Sendzimer type. He recognised that the United Kingdom had a number of these mills in use. When speaking of their normal use, however, it was important to relate them to the requirements of the Soviet Bloc. In terms of arms development and production the United States arms program was similar to that of the Soviet Bloc; there might not be comparable programs elsewhere. Highly advanced materials were necessary to implement these programs and in the United States important use was currently made of these mills in support of the weapons program. Moreover, when the production plan for a certain series of planes employing honeycomb structure went into operation, their capacity would be used to the full to provide the special metal products required. The impact of certain new missile programs would represent an added requirement. It was essential to examine the problem in its most meaningful context; other Member Countries producing aircraft of similar structure and performance would probably find they used this type of mill extensively too.

12. The GERMAN Delegate asked a question arising out of the discussion between the United Kingdom and United States Delegates, in which it had been said that the same mills as were used in the United States for military requirements were used in the United Kingdom for civil production because of the lack of similar military demand. Could a percentage indication be given of the ratio of civil to military production? Finally, the Delegate speaking personally, found that the date cut-off would be more flexible if a period of, for example, two or three years was chosen rather than a fixed date.

13. The UNITED STATES Delegate emphasised once more that it was important to bear in mind the pattern of usage in the Soviet Bloc. Mills of this type would normally be used as fully as was economically possible. If they

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were not engaged on a defense order, the idle capacity would be switched to other production, which could be either military or commercial production but could also be produced on unembargoed mills. In the United States these mills were spread among plants which dealt with both military and non-military orders. Recent spot-checks had shown a 50% - 56% military to civil production ratio in one case, where 4 mills were in use, while another plant possessing one large Sendzimer mill had a 25% - 75% ratio. The Delegate pointed out that it was essential to relate figures of this kind to the time status of production problem for various weapons systems; production programs for weapons did not always phase in and out at the same time. This would in many cases account for the absence of military orders requiring the use of these mills and freeing them for other production. In reply to a final question from the German Delegate, he stated that the civilian purposes for which these mills were necessary in the same sense as they were necessary for military production were few and would involve very small quantities.

14. The GERMAN Delegate thanked his United States colleague and noted that there were civilian uses for this type of mill proposed for embargo.

15. The COMMITTEE agreed to continue the discussion on October 8th.

C O N F I D E N T I A L